

**ASSEMBLY BILL**

**No. 1518**

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**Introduced by Committee on Banking and Finance (Lieu (Chair),  
Gaines (Vice Chair), Coto, Mendoza, Parra, Swanson, Torrico,  
Walters, and Wolk)**

February 23, 2007

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An act to amend Section 14456 of the Financial Code, relating to credit unions.

LEGISLATIVE COUNSEL'S DIGEST

AB 1518, as introduced, Committee on Banking and Finance. Credit unions.

Existing law, the California Credit Union Law, provides for the regulation of credit unions by the Commissioner of Financial Institutions. Existing law authorizes the board of directors of a credit union to delegate the power to approve applications for new membership to specified individuals, provided the board of directors reviews those approved membership applications at least quarterly.

This bill would require the board of directors to review, at least quarterly, a report of those approved membership applications if the board delegates the power to approve membership applications.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 14456 of the Financial Code is amended  
2     to read:

1 14456. Unless the bylaws expressly reserve any or all of the  
2 following duties to the members, the directors have all of the  
3 following special duties:

4 (a) To act upon all applications for membership. The directors  
5 may delegate the power to approve applications for new  
6 membership to: (1) the chairperson of a membership committee  
7 or to an executive committee; or (2) any officer, director,  
8 committee member, or employee, pursuant to a written membership  
9 plan adopted by the board of directors, provided the board of  
10 directors reviews at least quarterly ~~any a report of~~ membership  
11 ~~application~~ *applications* approved by an officer, director,  
12 committee member, or employee.

13 (b) To expel members for any of the following causes:

14 (1) Conviction of a criminal offense involving moral turpitude.

15 (2) Failure to carry out contracts, agreements or obligations  
16 with the credit union.

17 (3) Refusal to comply with the provisions of this division or of  
18 the bylaws.

19 Any members who are expelled by the board of directors have  
20 the right to appeal therefrom to the members, in which event, after  
21 hearing, the order of suspension may be revoked by a two-thirds  
22 vote of the members present at a special meeting to consider the  
23 matter.

24 (c) To determine from time to time the interest rate on  
25 obligations with members and to authorize the payment of interest  
26 refunds to borrowing members.

27 (d) To fix the maximum number of shares which may be held  
28 by, and, in accordance with Section 15100, establish the maximum  
29 amount of obligations which may be entered into with, any one  
30 member.

31 (e) To declare dividends on shares in accordance with the credit  
32 union's written capital structure policy and to determine the interest  
33 rate or rates which will be paid on certificates for funds.

34 (f) To amend the bylaws, except where membership approval  
35 is required.

36 (g) To fill vacancies in the credit committee, and to temporarily  
37 fill vacancies caused by the suspension of any or all members of  
38 the credit committee, pending a meeting of the members to  
39 determine whether to affirm the suspension and vacate the office,  
40 or to reinstate the member or members.

- 1 (h) To direct the deposit or investment of funds, except loans
- 2 to members.
- 3 (i) To designate alternate members of the credit committee who
- 4 shall serve in the absence or inability of the regular members to
- 5 perform their duties.
- 6 (j) To perform or authorize any action not inconsistent with law
- 7 or regulation and not specifically reserved by the bylaws for the
- 8 members, and to perform any other duties as the bylaws may
- 9 prescribe.

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